



Testimony of John Malfettone, Chairman
In support of

**H.B. No. 5037 (COMM) AN ACT ADJUSTING THE STATE BUDGET FOR THE
BIENNIUM ENDING JUNE 30, 2023.**

Before the Appropriations Committee
February 22, 2022

Chairperson Osten, Chairperson Walker and members of the Appropriations Committee, my name is John Malfettone and I am the Chairman of UConn Strong, an independent non-profit organization founded in 2018 to promote the connection between excellence at the University of Connecticut and its impact on the state of Connecticut. The growth and sustainability of Connecticut's economy as well as the vibrancy of our state's culture are both stronger with better prepared Huskies graduating. Prior to my current role, I served as Chairperson for the UConn Foundation and spent ten years as a member of the Foundation Board. I graduated from UConn with a BS degree in Accounting, met my wife there, my best friends are UConn alums, and I have worked in Connecticut for 40 of the 42 years that I was employed prior to retiring in 2018. I owe all I have to the University of Connecticut and bleed blue every time I nick myself with a razor blade.

I am here today to testify in support of the UConn and UConn Health Center budgets as represented in the following:

**H.B. No. 5037 (COMM) AN ACT ADJUSTING THE STATE BUDGET FOR THE
BIENNIUM ENDING JUNE 30, 2023.**

On behalf of UConn Strong, we would like to associate ourselves with the remarks of both interim President Radenka Maric and interim UCHC CEO Dr. Bruce Liang. We work closely with the University and the Health Center and similarly appreciate the support the Administration and General Assembly have provided through the 2021 budget and the Governor's proposal that is in front of the committee today.

As an organization committed to ensuring the continuation of UConn's positive contribution to the state's economy, we are focusing our comments on a few key issues, which we believe help to keep UConn and UCHC competitive as an economic engine for Connecticut in bringing entrepreneurship and research funding to this great state.

Unfunded Legacy Costs

This is a critical issue for us – perhaps the single most important budget issue facing the University and the Health Center in 2022 and beyond. As most of us have heard over the past several years, the issue of the continually increasing state unfunded pension and healthcare liabilities (legacy costs) being charged to UConn, UConn Health (and other higher education

institutions) is a serious problem. These are state liabilities that no other state agency is burdened by, and their costs are preventing UConn from reaching its full potential as an economic engine for the state.

These costs hugely impact UConn and UConn Health's budgets, directly affecting students, families, researchers and husky nation. To fund these costs, UConn is forced to use tuition and fee dollars, money that should instead be going directly to funding our students' educations. Money to support these costs adds up to a burden of \$1,050 per student.

UConn and UConn Health research fringe rate is an outlier, approximately 30% higher than the institutions UConn collaborates and/or competes with. This results in fewer research grant dollars, innovation, commercialization, and federal dollars to the state's economy. More research grants would enable UConn to incubate and commercialize ideas into businesses that can help the Connecticut economy. Being a top research institution is critical to the mission of the University and important for job growth in our state.

By allowing UConn and the UConn Health Center to compete on a level playing field with their peers, we will maximize their impact on the state's economy, beyond the \$5.3 billion already injected into the state's economy, as noted in the UConn Impact report, released in 2020.

We urge the General Assembly to fund, on an ongoing basis, the legacy costs/retiree costs to remove the burden of supporting state retirees with tuition, research and clinical revenues. The FY23 approved budget included \$6.1 million of additional support to cover these costs, approximately \$38.8 million short of what is needed. The UCHC legacy costs are currently included in the Governor's proposal. In lieu of a permanent fix, we urge the Committee to fully cover these shortfalls.

Overall support

Additionally, UConn Strong supports the University's requests for this year's budget adjustments, most notably the following:

- Maintain UConn's block grants at the level approved last year, as proposed in the bill before you today.
- Cover the ongoing collective bargaining increases (both salary and fringe) negotiated by SEBAC. The Governor's proposed budget includes \$20 million to support the non-block grant employee wage increases, which is \$12.5 million short of what is needed. We support UCHC's request of an additional \$25 million to cover.
- Include funding for the 27th payroll (and associated fringe costs) for higher education as it does for all other state agencies. The current budget includes \$8.0M for this expense, leaving UConn \$7.3 million short. Similarly, the UCHC will incur costs of \$9.8 million, but the budget, as proposed, will only cover \$5.1 million.

Thank you for the opportunity to testify. I look forward to working with you on this and other matters in this session and beyond.